



Income Tax Department
Central Board of Direct Taxes



**TDS OBLIGATION FOR INDIVIDUALS
UNDER SECTION 194-IA
(PURCHASE OF IMMOVABLE PROPERTY)
& 194-IB (RENT)**



194-IA: Payment on transfer of certain immovable property other than agricultural land

1. Who has to deduct TDS u/s 194-IA:

Any person, being a buyer (transferee), responsible for paying to a resident seller (transferor) any sum by way of consideration for transfer of any immovable property (other than agricultural land) shall be responsible to deduct TDS u/s 194-IA.

2. Threshold Limit u/s 194-IA:

No deduction under section 194-IA shall be made where the **consideration** for the transfer of an immovable property and the stamp duty value of such property, are both, less than fifty lakh rupees.

Note: Where there is more than one transferor or transferee in respect of any immovable property, then the **consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors** for transfer of such immovable property.

Example: Suppose two buyers (transferee), A and B, purchase a property together from one seller (transferor), C, for a total price of Rs. 60 lakhs. A and B have equal shares, so each pays Rs.30 lakhs to C. Since the total property value (Rs. 60 lakhs) is above the Rs. 50 lakhs threshold, both buyers must deduct TDS at 1% on their individual payment of Rs. 30 lakhs.

3. When to Deduct TDS under Section 194-IA:

Tax shall be deducted under this section:

- Either at the time of credit to the account of the payee, or
- At the time of payment thereof, whichever is earlier.

For this purpose, "payment" can be in cash or by issue of a cheque or draft or by any other mode.

4. Rate of TDS under Section 194-IA:

1% of consideration or Stamp Duty Value, whichever is higher. Rate of TDS is 20% if PAN/Aadhaar is not furnished by the seller as per section 206AA. However, higher rate of TDS as per section 206AB for non-filers of ITR does not apply to deduction u/s 194-IA w.e.f. 01.04.2022. Similarly, when PAN-Aadhaar is not linked, a higher rate of TDS i.e. 20% as per section 206AA will apply.

5. Other issues:

- If the Immovable Property is partly financed by Bank/Lender, the TDS will be required to be deducted by the buyer on the entire amount of consideration or Stamp Duty Value, whichever is higher, irrespective of the amount of financing.

- b) For payment of instalments, TDS to be deducted on each instalment paid.

6. Non applicability of section 194-IA:

If the seller is an NRI, then tax deduction shall be made by the buyer as per section 195 and not section 194-IA. Such TDS deducted on the sale consideration paid to an NRI must be reported in Form 27Q (not in Form 26QB) by the buyer. **Obtaining TAN is mandatory for filing the Form 27Q.**

7. Definitions of section 194IA:

- a) "Consideration for transfer of any immovable property" shall include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property.
- b) "Immovable property" means any land (other than agricultural land) or any building or part of a building.
- c) "Stamp Duty Value" means the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.

8. Failure to Deduct the TDS:

Failure to deduct tax under section 194-IA may result in the person i.e. the buyer being deemed to be treated as an assessee in default. Failure to deduct tax will attract interest and penalty also.

9. Time Limits and Procedure of depositing TDS and Issue of TDS Certificate:

- Both buyer and seller must have Permanent Account Number (PAN).
- Payment of TDS can be made through online or through bank.
- Buyer is not required to hold/obtain TAN for payment of TDS. However, if the seller is NRI and the buyer is required to report this transaction in Form 27Q, then obtaining of TAN is mandatory for filing the Form 27Q.
- Any sum deducted under section 194-IA shall be paid to the credit of the Central Government within a period of 30 days from the end of the month in which the deduction is made and shall be accompanied by a challan- cum-statement in Form No. 26QB.
- The person responsible for deduction of tax under section 194-IA shall furnish the certificate of deduction of tax at source in Form No.16B to the payee within 15 days from the due date for furnishing the challan-cum-statement in Form No.26QB under Rule 31A after generating and

downloading the same from the TRACES portal.

I. Steps to fill Form 26QB:

1. Log in to website e-filing portal
(<https://www.incometax.gov.in/iec/foportal/>)
using e-filing account ID and Password
2. Under 'e-file', click on 'e-Pay Tax'
3. Then Click on 'New Payment'
4. Select '**Proceed**' under '**26QB (TDS on Sale of Property)**' field
5. Fill the complete Form as applicable.

(User should be ready with the following information while filling the form 26QB:

- a. Residential Status of seller
- b. PAN of the seller & buyer
- c. Communication details (address, mobile no., email, Aadhar no.) of seller & buyer
- d. Property details (Type of property, Address)
- e. Transaction details [Date of agreement/ booking, Total value of consideration paid, payment type (lump sum or instalment), date of payment/credit, Total stamp duty value of the property]
- f. Tax details (Date of TDS deduction, TDS rate as prescribed above)
- g. Review all the information entered. Once verified, click Proceed.
- h. After submitting, the next page will ask to select the mode of payment i.e.,:
 - Net banking;
 - Debit Card;
 - Pay at Bank counter;
 - RTGS/NEFT; or
 - Payment Gateway including UPI and Credit Card.
- i. Select the appropriate payment mode and click on '**continue**' to make the payment and make the payment of TDS amount.
- j. After successfully making the payment, an acknowledgment receipt with a challan number (CIN) will be generated. Save or print this acknowledgment for future reference. Both the tenant and landlord should keep a copy.

II. Steps to Download Form 26QB and Challan Receipt after filing:

1. Log in to the Income Tax e-Filing portal.
2. Go to: **e-File** → **e-Pay Tax** → **Payment History**.

3. Under the Action column (for TDS on Sale of Property), click on the three dots (⋮) menu.
4. Select Download Receipt or Download Statement as required.

10. Important Notes:

Note- 1:

If a property is purchased by multiple buyers from multiple sellers, then each buyer must file a separate 26QB for the payment made to each seller.

Note -2:

- If the seller's PAN is inactive, TDS will be deducted at a higher rate of 20% under Section 206AA. The buyer should verify the seller's PAN status at: **e-filing portal → pre-login home page → Quick Links → Verify PAN Status.**
- If the seller's PAN is not linked with Aadhaar, TDS will also be deducted at 20%. The buyer should check the Aadhaar–PAN link status at: **e-filing portal →pre-login home page →Quick Links → Link Aadhaar Status.**

Note-3:

If the buyer pays the sale consideration in installments, TDS must be deducted on each installment at the time of payment or credit. A separate Form 26QB should be filed for each installment. Filing of single 26QB for all installments does not meet compliance requirements.

Note-4:

Sale consideration includes all charges related to the property transfer—such as club membership, car parking, electricity or water connection, maintenance, advance fees, or similar charges. The buyer must deduct TDS on these payments, including token money, booking charges, advance payments etc. If payments are made in installments or on different dates, a separate 26QB must be filed for each payment/installment.

11. TDS certificate in Form 16B:

- After filing Form 26QB, the buyer should download Form 16B (TDS Certificate) and provide it to the seller within 15 days from the due date for furnishing the challan-cum-statement in Form No.26QB under rule 31A after generating and

downloading the same from the TRACES portal. The buyer can download Form 16C after 5–7 days of filing of 26QB.

Steps to Download Form 16B after filing 26QB:

1. Register & login on TRACES portal (www.tdscpc.gov.in) as taxpayer using your PAN.
2. Select "**Form 16B**" under "**Downloads**" menu.
3. Enter the details pertaining to the property transaction for which Form 16B is to be requested. Enter the Assessment Year, Acknowledgment Number, PAN of Seller and click on "**Proceed**".

Note: Acknowledgment Number is generated by TIN after submitting Form 26QB, for which Form 16B is requested. Acknowledgement number is available in Form 26AS/Annual Tax Statement.

4. A confirmation screen will appear. Click on "**Submit Request**" to proceed.
5. A success message on submission of download request will appear. Please note the request number to search for the download request.
6. Click on "**Requested Downloads**" to download the requested files.
7. Search for the request with request number. Select the request row and click on "**HTTP download**" button.
8. After downloading, the tenant must give Form 16B to the landlord as proof of the TDS deducted on the rent.

Section 194-IB: Payment of rent by certain individuals and Hindu Undivided Family

1. Who has to deduct TDS u/s 194IB:

Any person, being an individual or a HUF responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees per month or part of a month during the previous year.

2. Meaning of Rent:

For the purposes of this section, rent means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.

3. Thresholds Limit u/s 194IB:

Payment of rent exceeding Rs.50,000/- per month or part of month during the previous year.

4. Rate and time of tax deduction u/s 194IB:

The rate of tax deduction is 2% w.e.f. 01.10.2024. 5% rate applies for deductions before 01.10.2024. If the PAN of the Landlord is not available then the rate will be 20% as per Section 206AA. However, higher rate of TDS as per section 206AB for non-filers of ITR does not apply to deduction u/s 194-IB w.e.f. 01.04.2022. Similarly when PAN-Aadhaar is not linked, a higher rate of TDS i.e. 20% as per section 206AA will apply.

In case, where the tax on higher rate of 20% is required to be deducted as per the provisions of section 206AA, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of tenancy, as the case may be.

5. When to deduct TDS:

TDS u/s 194IB is to be deducted at the time of credit of rent, for the last month of the previous year or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.

6. Failure to Deduct TDS:

Failure to deduct tax under section 194IB may result in the person i.e. the tenant being deemed to be treated as an assessee in default. Further, failure to deduct tax will attract interest and penalty also.

7. Time Limits and Procedure of depositing TDS and Issue of TDS Certificate:

- Both tenant and landlord must have Permanent Account Number (PAN)
- Tenant is not required to hold/obtain TAN for deduction and payment of TDS.
- Payment of TDS can be made through online or through bank.
- Any sum deducted under section 194-IB shall be paid to the credit of the Central Government within a period of 30 days from the end of the month in which the deduction is made and shall be accompanied by a challan- cum-statement in Form No. 26QC.
- The person responsible (Tenant) for deduction of tax under section 194-IB shall furnish the certificate of

deduction of tax at source in Form No.16C to the payee (landlord) within 15 days from the due date for furnishing the challan-cum-statement in Form No. 26QC under rule 31A after generating and downloading the same from the TRACES portal.

I. Steps to Fill Form 26QC:

1. Log in to website e-filing portal
(<https://www.incometax.gov.in/iec/foportal/>)
using e-filing account ID and Password
2. Under '**e-file**', click on '**e-Pay Tax**'
3. Then Click on '**New Payment**'
4. Select '**Proceed**' under '**26 QC (TDS on Rent of Property)**' field
5. Fill the complete form as applicable.

(User (Tenant) should be ready with the following information while filling the form 26QC:

- a. Residential Status of landlord
- b. PAN of the Tenant & Landlord
- c. Communication details (address, mobile no., email, Aadhar no.) of Tenant & Landlord
- d. Property Rented details [Type of property, Address of the property, Period of Tenancy (number of months), Total value of Rent paid, Date of payment/credit, Date of TDS deduction, Amount paid/credited, Value of rent paid in last month]
- e. Transaction details (Period of Tenancy (number of months), Total value of Rent paid, Date of payment/credit, Amount paid/credited, Value of rent paid in last month]
- f. Tax details (Date of TDS deduction, TDS rate as prescribed above)
- g. Review all the information entered. Once verified, click Proceed.
- h. After submitting, the next page will ask to select the mode of payment i.e.,:
 - Net banking;
 - Debit Card;
 - Pay at Bank counter;
 - RTGS/NEFT; or

- Payment Gateway including UPI and Credit Card.
- i. Select the appropriate payment mode and click on '**continue**' to make the payment and make the payment of TDS amount.
- j. After successfully making the payment, an acknowledgment receipt with a challan number (CIN) will be generated. Save or print this acknowledgment for future reference. Both the tenant and landlord should keep a copy.

II. Steps to Download Form 26QC and Challan Receipt after filing

1. Log in to the Income Tax e-Filing portal.
2. Go to: **e-File → e-Pay Tax → Payment History**.
3. Under the Action column (for TDS on Rent of Property), click on the three dots (:) menu.
4. Select Download Receipt or Download Statement as required.

Important Notes:

Note-1

- If the landlord's PAN is inactive, TDS will be deducted at a higher rate of 20% under Section 206AA. The tenant should verify the landlord's PAN status at: **e-filing portal → pre-login home page → Quick Links → Verify PAN Status**.
- If the landlord's PAN is not linked with Aadhaar, TDS will also be deducted at 20%. The tenant should check the Aadhaar-PAN link status at: **e-filing portal → pre-login home page → Quick Links → Link Aadhaar Status**.

Note-2

If rent is paid by a tenant to more than one landlord, the tenant must file a separate 26QC for the payment made to each landlord.

8. TDS certificate in Form 16C:

- After filing Form 26QC, the tenant should download Form 16C (TDS Certificate) and provide it to the landlord within 15 days from the due date for furnishing the challan-cum-statement in Form No.26QC under rule 31A after generating and downloading the same from the TRACES portal. Tenant can download Form 16C after 5–7 days of filing of 26QC.

Steps to Download Form 16C after filing 26QC:

1. Register & login on TRACES portal (www.tdscpc.gov.in) as taxpayer using your PAN.
2. Select "**Form 16C**" under "**Downloads**" menu.
3. Enter the details pertaining to the property transaction for which Form 16B is to be requested. Enter the Assessment Year, Acknowledgment Number, PAN of Seller and click on "**Proceed**".

Note: Acknowledgment Number is generated by TIN after submitting Form 26QC, for which Form 16C is requested. Acknowledgement number is available in Form 26AS/Annual Tax Statement.

4. A confirmation screen will appear. Click on "**Submit Request**" to proceed.
5. A success message on submission of download request will appear. Please note the request number to search for the download request.
6. Click on "**Requested Downloads**" to download the requested files.
7. Search for the request with request number. Select the request row and click on "**HTTP download**" button.
8. After downloading, the tenant must give Form 16C to the landlord as proof of the TDS deducted on the rent.



◀ **Directorate of Income Tax** ▶

(Public Relations, Publications & Publicity)

6th Floor, Mayur Bhawan, Connaught Circus, New Delhi - 110001



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